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CENTRAL INTELLIGENCE AGENCY

DIA review(s) completed.

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## SUMMARY

### GENERAL

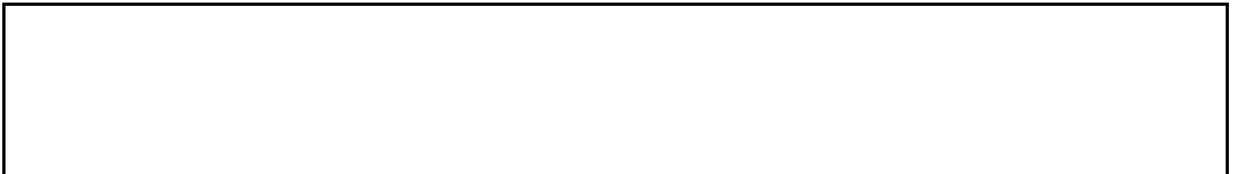
1. USSR's position on disarmament reiterated in London talks (page 3).

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3. Bao Dai may try to appease dissidents with American funds (page 4).
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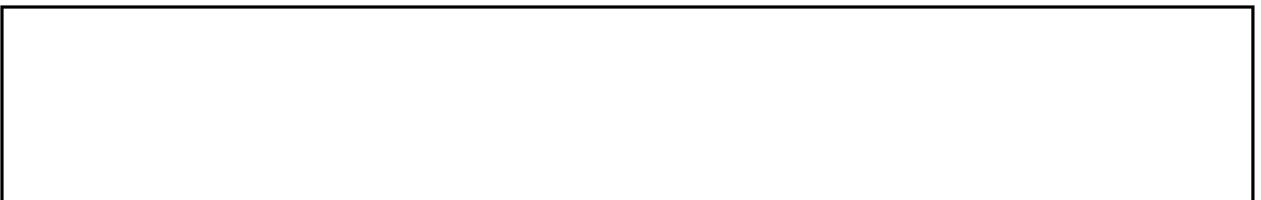


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### WESTERN EUROPE

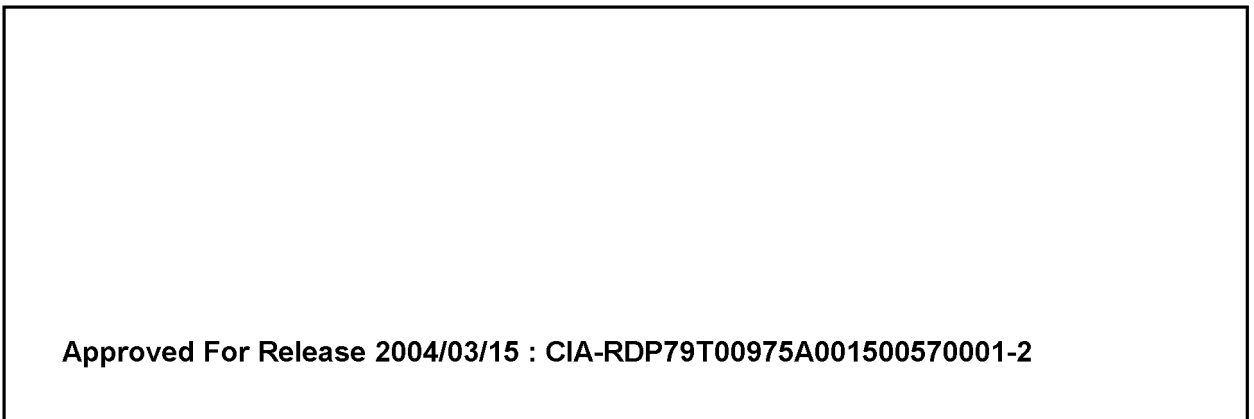
6. Adenauer doubts his ability to continue supporting Allied policies (page 6).

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## GENERAL

### 1. USSR's position on disarmament reiterated in London talks:

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In his first speech in the UN disarmament commission subcommittee, Soviet delegate Malik ran the gamut of previous Soviet positions on the disarmament question. He reaffirmed Moscow's position on (a) "prohibition of the bomb"; (b) a one-third reduction of armed forces; (c) strict inspection without infringing on national sovereignty; (d) American bases abroad; (e) "war-mongering" propaganda; and (f) NATO.

Malik asserted that the subcommittee talks were off to a bad start because of the absence of delegates from Communist China, Czechoslovakia and India, and said he did not intend to discuss President Eisenhower's atomic pool proposal. Instead he supported the Soviet proposal that all nuclear production be devoted to peaceful use.

Comment: Malik's reiteration of Moscow's old positions and his apparent intention to avoid discussion of President Eisenhower's proposal suggest that the London talks will bog down on old issues.

During negotiations at the UN on the composition of the subcommittee, Soviet UN delegate Vyshinsky stated on 23 April that the exclusion of Communist China, Czechoslovakia and India would seriously hamper its work.

## FAR EAST

### 2. Chinese Communists occupy islands in Tachen area:

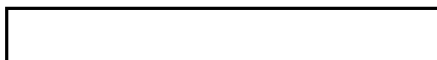
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Three small islands approximately 30 miles northwest of the Tachen group off the Chekiang coast were occupied by Chinese Communist forces on 15 May. The Communist amphibious force was transported in a convoy which included two destroyers, five gunboats, one LST and 20 junks. Air cover for the operation was provided by four MIG-15 fighters.

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A large concentration of Communist troops and 30 LCT's was reported at Haimen, a port on the Chekiang coast opposite the Tachen Island group.

Comment: These latest Communist moves appear to be part of a continuing war of nerves against the Nationalist garrison on the Tachens. The occupation of the three undefended islands, in close proximity to the Tachens, may, however, indicate an early assault against that island group. Use of the four MIG-15 fighters for air cover in this operation is the second confirmed instance of Communist joint naval and air action.

#### SOUTHEAST ASIA

3. Bao Dai may try to appease dissidents with American funds:

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[redacted] believes that Bao Dai will try to offset Cao Dai irritation over the recent assignment of national police functions to a rival organization by awarding the Cao Dai a padded troop payroll and permitting the leaders to pocket the surplus. The American embassy in Saigon has a report supporting this belief and comments that American budgetary support of the Vietnam National Army will probably provide Bao Dai with the means for such a purchase of the allegiance of the Cao Dai leaders.

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Comment: Instead of concentrating on the development of a government with more appeal to the Vietnamese people, Bao Dai appears to be expending his energies in buying the support of certain questionable political organizations.

The leaders of the Cao Dai sect recently broadcast a somewhat conciliatory message to the Viet Minh, perhaps in order to bring pressure on the Vietnam government.

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4. Comment on Taruc surrender to Philippine government:

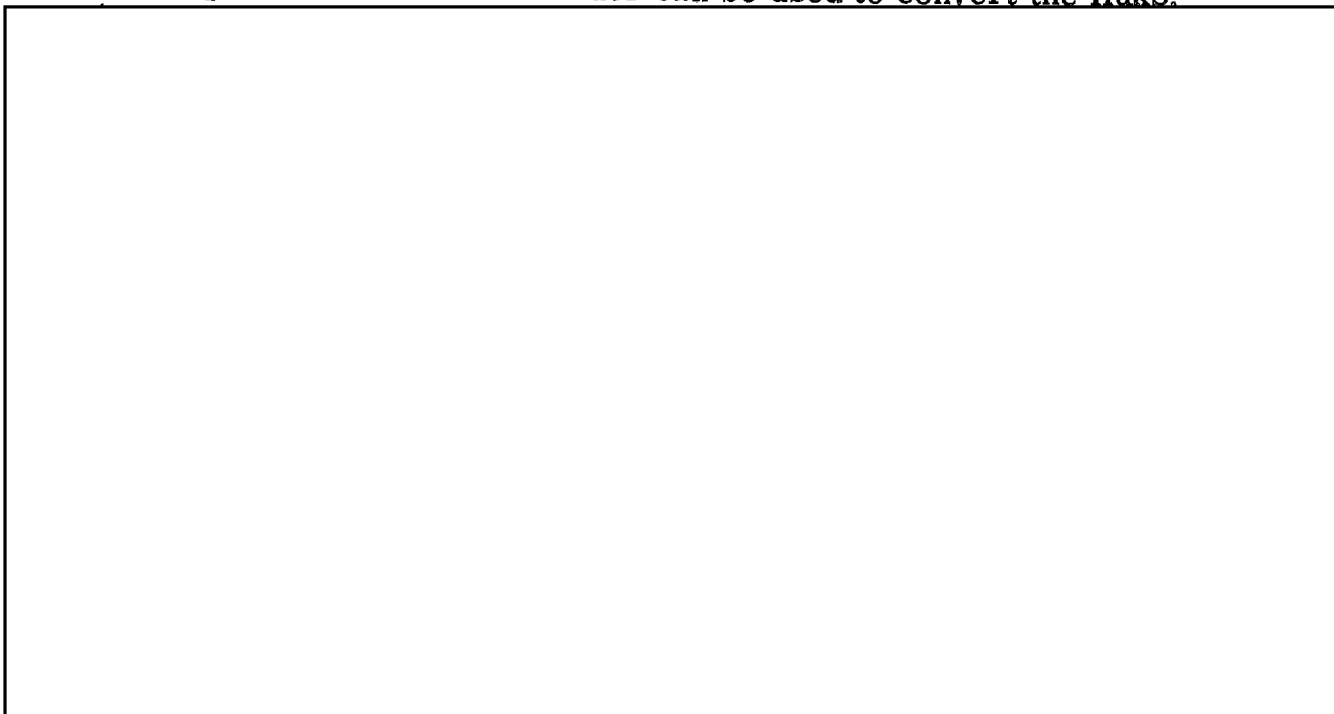
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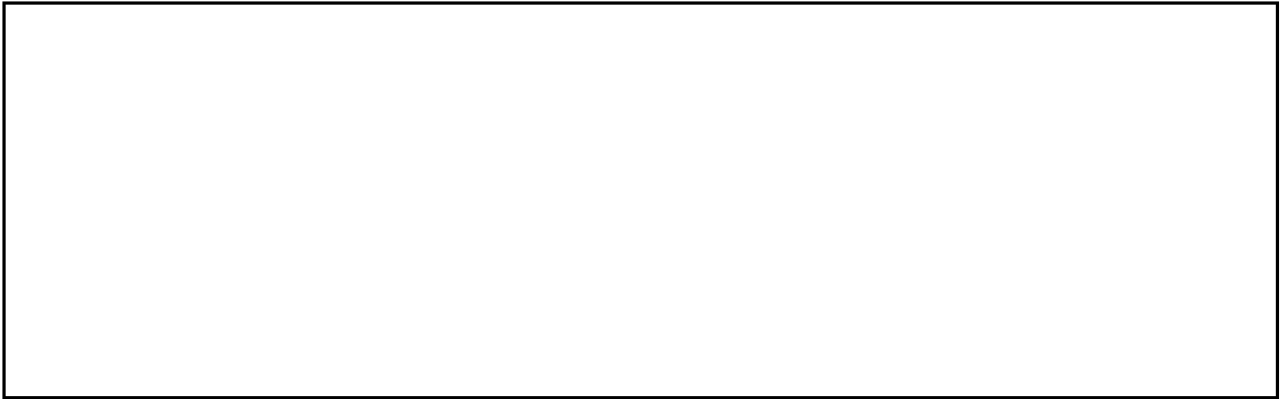


The surrender of Huk leader Luis Taruc on 16 May raises the possibility that the Philippine Communist Party may be attempting to further its strategy of "legal activity" under the guise of Taruc's co-operation with the Magsaysay administration, while the bulk of its armed strength remains in the field.

After the surrender, Taruc asserted that he was at odds with the party hierarchy, presumably over continuation of the "armed struggle." Many observers, however, have viewed this "split" as no more than a Communist tactic.

The Philippine armed forces have consistently opposed any truce with the Huks, and the American army attaché reports that they have recommended to Magsaysay that no amnesty or pardon be granted Taruc. The army attaché comments, however, that the president hopes that Taruc's surrender can be used to convert the Huks.

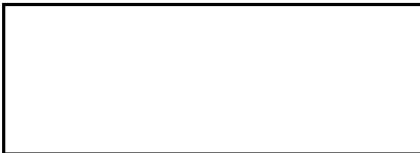




### WESTERN EUROPE

6. Adenauer doubts his ability to continue supporting Allied policies:

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Through an emissary, Chancellor Adenauer has asked American officials in Bonn to inform Washington that he doubts he can continue to support the "present basis" of Allied-West

German relations for more than a few months. The discouraging political outlook in France and the lack of progress on the Bonn and Paris treaties have resulted in growing pressure by the press and coalition leaders for changes in his policies.

Comment: Though there have been earlier indications that West German foreign policy may be modified if France does not soon act on EDC, this is the first time that Adenauer himself is known to have raised the possibility of abandoning present plans for West German sovereignty and rearmament.

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